

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0455P**

**Individual Income Tax**

**Calendar Year 1997**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

I. **Tax Administration** – Bad Checks; penalty

**Authority:** IC 6-8.1-10-5(b); 45 IAC 15-11-5

Taxpayer protests the one hundred percent (100%) penalty assessed.

**STATEMENT OF FACTS**

Taxpayer, in a letter received on August 4, 1998 protested the bad check penalty assessed due to the taxpayer being in the process of moving. Taxpayer states that the notices from the State of Indiana, No. 98-000546302, were being forwarded to three different addresses, which resulted in the extensive delay of their receiving the notice of returned check. Due to the delay in forwarding to the correct address, the ten (10) day period had passed.

I. **Tax Administration** – Penalty

**DISCUSSION**

At issue is whether the taxpayer had reasonable cause in not submitting a returned check timely.

Taxpayer made a tax payment on April 15, 1998 with a bad check. The department presented the check twice for payment that was not honored by the bank. On June 30, 1998, the department notified the taxpayer that the bank returned the check and that the taxpayer had ten (10) days to remit the tax, penalty, and interest. The department, on July 21, 1998 issued its one hundred percent (100%) bad check penalty because the taxpayer did not respond. On August 4, 1998, the department received a letter from the taxpayer's father explaining that a residential move and the notices being forwarded to

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three different addresses caused the delay in the ten (10) day period not being honored. Taxpayer presented the department with the envelope of the initial mailing of the Returned Check penalty. The envelope carries a postmark of July 1, 1998, a new address dated July 3, 1998, and another new address dated July 10, 1998.

The department did not issue its one hundred percent (100%) penalty billing until July 21, 1998 nor has the taxpayer paid the tax at the time of this writing. IC 6-8.1-10-5 states the tax must be paid within the ten (10) day period.

The taxpayer has not shown reasonable cause for the waiver of the bad check penalty.

### **FINDING**

Taxpayer's protest is denied.